

## SUMMARY OF MUNICIPAL PARTNERSHIP ACT

Section 1 creates a Municipal Property Tax Exemption Fund for the purpose of reimbursing cities and towns for property taxes abated for qualifying senior citizens. The fund will receive a portion of the local hotel and meal taxes imposed by cities and towns.

Section 2 provides that the deputy commissioner for local services shall also be known as the director of municipal affairs and shall report to the commissioner of revenue and to the secretary of administration and finance.

Section 3 would allow cities and towns to advertise the notice of invitation for bids for a procurement contract on the internet instead of in a local newspaper of general circulation, as is currently required under the Uniform Procurement Act. Municipalities could post the notices on either their own or the commonwealth's website. The Operational Services Division estimates that this change would save cities and towns thousands of dollars each year. According to OSD, this change received the support of the Office of the Inspector General last year and was included in House 1 but was not passed.

Sections 4, 6, 7 and 8 would allow cities and towns, by local option, to participate in the Group Insurance Commission. Decisions to participate would be made by agreement between the municipality and a public employee committee which would include representatives from each collective bargaining unit. Bill was drafted by MAPC and has already been filed as a separate bill.

Section 5 would require retirement systems that have a funding ratio of less than 80 per cent and have underperformed the PRIT Fund by at least 2.25 per cent over a 5-year period, as determined by PERAC, to transfer their assets to the PRIT fund for investment. Systems with extenuating circumstances could appeal to PERAC for an exemption from this requirement.

Sections 9 to 20 and section 30 would increase flexibility in municipal borrowing by allowing borrowing for terms consistent with the maximum useful life of the asset, but not more than 30 years, as determined by the mayor, town council or board of selectmen. The bill would also increase flexibility for emergency borrowing, expedite

the process for achieving savings through refinancings and remove overly restrictive requirements for amortization of debt.

Section 21 would confirm the existing authority of cities and towns to impose a trash collection fee that is mandatory unless the city or town grants a waiver. The collected fees or charges need not be maintained in a separate fund. The section is intended to validate the type of trash collection program recently invalidated in Springfield.

Section 22 would streamline the process by which local assessors can grant abatements without receiving prior approval from the department of revenue. The commissioner would issue guidelines granting authority to abate for reasons determined by the commissioner to be in the public interest.

Sections 23 to 27 would eliminate utility corporation tax exemptions for telecommunications companies and make them subject to the same exemptions as other business corporations. They would be taxable on machinery used in the conduct of business, and city and town assessors would be responsible for valuing that machinery.

Section 28 would increase the maximum local option hotel tax from 4 per cent to 5 per cent of the rent for occupancy.

Section 29 allows cities and towns by local option to impose a meals tax of up to 2 per cent of gross receipts. Twenty-five per cent of the amount collected under this section and of new amounts collected under section 28 (hotel tax) would be deposited in a reserve fund in the executive office for administration and finance to be used for the purpose of reimbursing cities and towns for property taxes abated for qualifying senior citizens. The balance would be distributed to each city or town that adopts this tax in proportion to the amount received in that city or town.

Sections 31, 32 and 33 would allow communities to continue to shift the percentage of the total tax levy imposed on any class of property in an amount not to exceed 183 per cent of the value of that property divided by the value of all taxable property in the city or town for the next two fiscal years.

Section 34 would create a special commission to study the use of state technology for municipal purposes.

Section 35 would create a special commission to consider ways to grant increased local authority in areas currently requiring home rule petitions. The commission would also investigate methods for providing incentives for best municipal fiscal practices and regionalization of municipal services.

Section 36 would ratify trash collection fees imposed before the effective date of this act.